



JENNIFER M. GRANHOLM
GOVERNOR

STATE OF MICHIGAN
OFFICE OF THE GOVERNOR
LANSING

JOHN D. CHERRY, JR.
LT. GOVERNOR

February 12, 2004

My Fellow Citizens:

The budget I present to the Legislature today is more than just pages of columns and rows, more than just facts and figures, debits and credits. It is a roadmap guiding our state to the destination we all seek – a strong, healthy economy and a high quality of life.

Two weeks ago, in my State of the State address, I set forth a seven-point plan that will allow our state to reverse the job losses we have experienced over the last three years and become an economic powerhouse in the 21st century. My plan to grow Michigan's economy will create new tools for retaining the jobs we have today and bringing new jobs to our state. At the same time, my plan will strengthen our schools, make health care more available and affordable for our citizens and protect our irreplaceable natural environment. Our state cannot afford to choose between strategies that will attract and retain jobs and measures that would improve our quality of life – we must do both if Michigan is to win the competition for economic growth in this century.

My budget for the 2005 fiscal year reflects this critical balance. It makes necessary reductions in state spending without sacrificing the education of our children or the health of our most vulnerable citizens. It protects scheduled tax cuts – and avoids general tax increases – to make us more competitive in our efforts to attract and retain good businesses and good jobs.

While I have been your Governor for barely a year, this budget represents the fourth time we have confronted the need to reduce state spending because of the impact the national economic downturn has had on state revenues. Over this last year, I have traveled the length and breadth of Michigan to hear your thoughts about how we should meet this challenge. Wherever I have gone, I have heard a consistent message – cut waste wherever you can find it and when you must cut important programs, don't sacrifice Michigan's future. Find ways to maintain the quality of life that makes Michigan a great place to live, work and do business.

Guided by those principles, we eliminated almost \$3 billion in deficits in 2003. We did it by waging war on waste, a war that will continue everyday that I am your Governor. We tapped the creative power of state employees to find ways to do more with less. We asked local units of government and our colleges and universities to do what every Michigan family does when times get tough – tighten their belts. And we have asked people, most notably those same state employees, to make sacrifices so that the things that matter most to us in Michigan could survive this economic storm.

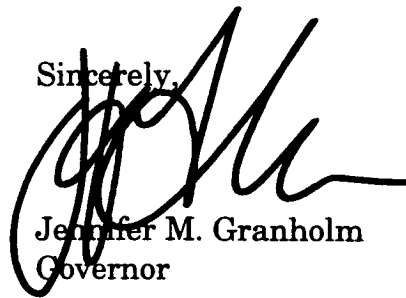
Today the storm continues. While Wall Street talks of recovery, those who live on Main Street see continuing job losses, particularly in the manufacturing sector – the heart of Michigan's economy. While our state is buffeted by the winds of a competitive world economy, we are also victims of federal policies that channel Michigan jobs overseas, erode revenues flowing into our state treasury and shift the cost of critical programs to our beleaguered budget.

Despite the tremendous obstacles thrown up by the world economy, and worsened by Washington policies, this budget reflects my firm belief that Michigan can and will grow our economy and improve our quality of life. To do so, we must close a \$1.3 billion deficit with a balanced approach that steers between the twin dangers we face in this critical stretch in our state's history. If we chose to close the budget gap through general tax increases we would create a huge disincentive to new job creation in Michigan. And, at the same time, if we made the deep cuts in education, in health care and environmental protection, we would repel the very people and investment we must attract to our state.

I am proud of the budget I submit to the Legislature today, because it takes us closer to the vision we seek: the most attractive state in the country to live, work, and grow a business.

I look forward to working with the Legislature to reach this shared destination: a strong, healthy Michigan where good jobs and a high quality of life go hand in hand. As always, I am proud and honored to serve as your Governor during these remarkable times.

Sincerely,

A handwritten signature in black ink, appearing to read "Jennifer M. Granholm", written over a circular stamp or seal.

Jennifer M. Granholm
Governor